

**MAYVILLE DISTRICT PUBLIC LIBRARY**

Mayville, Michigan

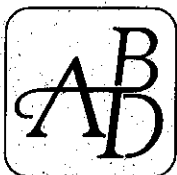
**Report on Financial Statements**

(with required supplementary and  
additional information)

June 30, 2008

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August 27, 2008

## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Mayville District Public Library  
Mayville, MI 48744

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities and the major funds of Mayville District Public Library, Mayville, Michigan, as of June 30, 2008, which collectively comprise the Library's basic financial statements as listed in the Table Of Contents. These financial statements are the responsibility of the Mayville District Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and the major fund of the Mayville District Public Library as of June 30, 2008 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through ii and page 11, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the primary government of Mayville District Public Library's basic financial statements. The additional information on pages 12 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

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**MAYVILLE DISTRICT PUBLIC LIBRARY**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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The basic financial statements on pages 1 through 4 include information that presents two different views of the Library using the modified-accrual and full accrual methods.

The first two columns of the governmental fund balance sheet/statement of net assets and the governmental fund statement of revenue, expenditures, and changes in fund balance/statement of activities include information about the Library's General Fund and Debt Retirement Fund under the modified-accrual method. The modified-accrual basis focuses on current financial resources and provides a more detailed view about the accountability of the Library's sources and uses of the funds.

The adjustment column of the financial statements represents adjustments necessary to convert the modified-accrual financial statements to the Library as a Whole financial statements under the full-accrual method. The full-accrual basis focuses on long-term economic resources.

The Library as a Whole column provides both long-term and short-term information about the Library's overall financial status. The Library as a Whole statement of net assets – full-accrual basis column and the Library as a Whole statement of activities – full-accrual basis column provide information about the activities of the Library as a Whole and present a longer-term view of the Library's finances. These columns tell how these services were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Condensed Financial Information**

Below shows the key financial information under the full-accrual method in a condensed format. Note: Amounts and totals reported are for all Library activities, including general operations, capital projects, and debt activity – to give a complete picture.

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<b>Assets</b>		
Current assets	\$107,479	\$96,319
Capital assets	679,669	692,035
Total assets	<u>\$787,148</u>	<u>\$788,354</u>
<b>Liabilities</b>		
Current liabilities	\$57,562	\$ 48,334
Long-term liabilities	165,000	220,000
Total liabilities	<u>\$222,562</u>	<u>\$268,334</u>
<b>Net Assets</b>		
Investment in capital assets – Net of related debt	\$464,669	\$427,035
Restricted for debt retirement	6,164	7,646
Unrestricted	93,753	85,339
Total net assets	<u>\$564,586</u>	<u>\$520,020</u>

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<b>Revenue</b>		
Property taxes	\$109,692	\$102,854
Fines	40,666	48,723
Other	<u>35,091</u>	<u>19,073</u>
Total revenue	185,449	170,650
<b>Expenses</b>	<u>140,883</u>	<u>130,337</u>
<b>Change in Net Assets</b>	44,566	40,313
<b>Net Assets, Beginning of year</b>	<u>520,020</u>	<u>479,707</u>
<b>Net Assets, End of year</b>	<u>\$564,586</u>	<u>\$520,050</u>

**The Library as a Whole**

The Library's net assets increased by \$44,566 this year. The Library's primary sources of revenue are from property taxes and fines.

Salaries and fringe benefits continue to be the largest expense for the Library's General Fund.

**The Library's Funds**

The budgetary analysis of the General Fund is included on page 11, which shows the General Fund, the Library's major operating fund, including revenues and expenditures, excess of revenue over expenditures, other financing sources and fund balance.

**Library's Budgetary Highlights**

Over the course of the year, the Library Board amended the General Fund's budget several times. Both actual revenue and actual expense had a favorable variance to the final budget.

**Capital Assets and Long-term Debt Activity**

At the end of the fiscal year, the Library had \$933,065 invested in buildings, furniture, equipment, books, videos, and construction in progress based on the historical cost. During the year \$16,230 was spent on books and videos and \$4,714 was spent on office equipment.

The Library issued bonds during the year ended June 30, 2004 totaling \$400,000 for the construction/remodeling of the library building. Bonds in the amount of \$50,000 were redeemed during the current year.

**Requests for Information**

This financial report is designed to provide a general overview of Mayville District Public Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mayville District Public Library, 6090 Fulton St., Mayville, MI 48744.

## **BASIC FINANCIAL STATEMENTS**

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Governmental Fund Balance Sheet/Statement of Net Assets  
For the Year Ended June 30, 2008

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General	Debt Retirement
---------	-----------------

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 81,195	\$ 7,418
Certificates of deposit	17,104	
Accounts receivable	1,762	
<b>TOTAL CURRENT ASSETS</b>	<b>100,061</b>	<b>7,418</b>

**CAPITAL ASSETS:**

Capital assets, net of accumulated depreciation		
<b>TOTAL CAPITAL ASSETS</b>	-	-

**TOTAL ASSETS**

<b>\$ 100,061</b>	<b>\$ 7,418</b>
-------------------	-----------------

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable	\$ 4,850	
Payroll liabilities	1,458	
Accrued interest		
Current portion of long-term debt		
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,308</b>	-

**LONG-TERM LIABILITIES**

Bonds payable beyond one year		
<b>TOTAL LONG-TERM LIABILITIES</b>	-	-

**TOTAL LIABILITIES**

<b>6,308</b>	<b>-</b>
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**FUND BALANCE/NET ASSETS**

Invested in capital assets, net of related debt		
Reserved for donations	5,126	
Restricted for debt retirement		\$ 7,418
Unrestricted	88,627	

<b>TOTAL FUND BALANCE/NET ASSETS</b>	<b>93,753</b>	<b>7,418</b>
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<b>TOTAL LIABILITIES AND FUND BALANCE/NET ASSETS</b>	<b>\$ 100,061</b>	<b>\$ 7,418</b>
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The accompanying notes are an integral part of the financial statements.

<u>Total - Modified- Accrual Basis</u>	<u>GASB No. 34 Adjustments (Note 3)</u>	<u>Library as a Whole Statement of Net Assets- Full-Accrual Basis</u>
\$ 88,613 17,104 1,762 <u>107,479</u>	<u>-</u>	\$ 88,613 17,104 1,762 <u>107,479</u>
<u>-</u>	\$ 679,669	679,669
<u>-</u>	679,669	679,669
<u><b>\$ 107,479</b></u>	679,669	<u>787,148</u>
\$ 4,850 1,458 - - <u>6,308</u>	1,254 50,000 <u>51,254</u>	4,850 1,458 1,254 50,000 <u>57,562</u>
<u>-</u>	165,000	165,000
<u>-</u>	165,000	165,000
<u>6,308</u>	<u>216,254</u>	<u>222,562</u>
5,126 7,418 88,627	464,669 (5,126) (1,254) 5,126	464,669 0 6,164 93,753
101,171	<u><b>\$ 463,415</b></u>	<u><b>\$ 564,586</b></u>
<u><b>\$ 107,479</b></u>		



**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Statement of Governmental Fund Revenue, Expenditures And  
Changes In Fund Balance/Statement of Activities  
For the Year Ended June 30, 2008

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>General</u>	<u>Debt Retirement</u>
REVENUES:		
Grants	\$ 20,964	
Services	6,631	
Fines	40,666	
Property Taxes	52,419	\$ 57,273
Miscellaneous	7,267	229
	<hr/>	<hr/>
TOTAL REVENUES	127,947	57,502
	<hr/>	<hr/>
EXPENDITURES:		
Salaries and employee benefits	56,679	
Library materials	17,358	
Operational	27,648	
Miscellaneous	15,848	
Capital outlay	2,000	
Depreciation		
Debt service-principal		50,000
Debt service-interest		9,275
	<hr/>	<hr/>
TOTAL EXPENDITURES	119,533	59,275
	<hr/>	<hr/>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	8,414	(1,773)
	<hr/>	<hr/>
FUND BALANCE/NET ASSETS - JULY 1	85,339	9,191
	<hr/>	<hr/>
FUND BALANCE/NET ASSETS - JUNE 30	\$ 93,753	\$ 7,418
	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

<u>Total - Modified- Accrual Basis</u>	<u>GASB No. 34 Adjustments (Note 3)</u>	<u>Library as a Whole Statement of Net Assets- Full-Accrual Basis</u>
\$ 20,964		\$ 20,964
6,631		6,631
40,666		40,666
109,692		109,692
7,496		7,496
<u>185,449</u>	<u>-</u>	<u>185,449</u>
56,679		56,679
17,358	\$ (16,230)	1,128
27,648	(2,714)	24,934
15,848		15,848
2,000	(2,000)	-
-	33,309	33,309
50,000	(50,000)	-
9,275	(290)	8,985
<u>178,808</u>	<u>(37,925)</u>	<u>140,883</u>
6,641	37,925	44,566
<u>94,530</u>	<u>425,490</u>	<u>520,020</u>
<u>\$ 101,171</u>	<u>\$ 463,415</u>	<u>\$ 564,586</u>

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended June 30, 2008

**NOTE 1 - DESCRIPTION OF DISTRICT LIBRARY OPERATIONS:**

The Mayville District Public Library was formed by the local governmental agencies of the Village of Mayville, Fremont Township, Dayton Township and Rich Township. The District Library district is comprised of all the territory in the Township's of Fremont and Dayton and the Village of Mayville, and part of the Township of Rich.

The District Library will be governed by an eight-member board comprised of two members from each of the three townships and the Village of Mayville.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**BASIS OF ACCOUNTING:**

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. There is no component unit to be included in the Library's financial report.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION:**

The Library's basic financial statements include both the Library as a Whole and its individual fund financial statements.

**Library as a Whole Financial Statements**

The Library as a Whole financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting, which is described below.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities includes depreciation on long-term assets and eliminates capital outlay expense.

As a general rule, the effect of interfund activity has been eliminated from the library-wide financial statements.

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended June 30, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**Fund Financial Statements**

The Library's individual fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting, which is described below.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following governmental funds as major funds:

*General Fund* - The General Fund is the Library's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

*Debt Service Fund* - The Debt Service Fund was established to make principal and interest payments on the Library's debt.

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY:**

**Cash and Investments** – The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Investments are recorded at fair value.

**Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds."

**Property Taxes** – Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. The 2007 taxable valuation of the Library totaled approximately \$129,767,474, on which ad valorem taxes levied consisted of .8468 mills for the Library's operating purposes and for debt retirement.

**Capital Assets** – Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, furniture, equipment, library books, periodicals, and videos are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	7 - 50 years
Furniture and equipment	5 - 20 years
Library books and videos	5 years

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended June 30, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**NOTE 3 – RECONCILIATION OF THE LIBRARY AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS:**

Total fund balances and the net change in fund balances of the Library's individual funds differ from net assets and change in net assets of the Library as a Whole reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current focus of the statement of the individual governmental funds' balance sheet and statement of revenue, expenditures and change in fund balance. The following is a reconciliation of fund balances to net assets and the net change in fund balances to the net change in net assets:

<b>Total Fund Balance – Modified-accrual Basis</b>	<b>\$101,171</b>
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	679,669
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(215,000)
Interest payments on long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(1,254)</u>
<b>Total Net Assets – Full-accrual Basis</b>	<b><u>\$564,586</u></b>

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended June 30, 2008

**NOTE 3 – RECONCILIATION OF THE LIBRARY AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, (Continued):**

<b>Net Change in Fund Balances – Modified-accrual Basis</b>	<b>\$6,641</b>
Amounts reported in the statement of net activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:	
Library books and videos	16,230
Office Equipment	4,714
Depreciation expense	(33,309)
Bond payments are reported as an expense in the fund statements, but not in the statement of net activities (where it decreases long-term debt)	
	50,000
Decrease in accrued interest reported as an expenditure in the statement of activities, but not in the fund statements	
	<u>290</u>
<b>Change in Net Assets – Full-accrual Basis</b>	<b><u>\$44,566</u></b>

**NOTE 4 – BUDGET INFORMATION:**

The annual budget is prepared by the library director and adopted by the Library Board; subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year-end. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on a line-item basis. Any violations are disclosed in the required supplementary information.

**NOTE 5 - CASH AND EQUIVALENTS - CREDIT RISK:**

Deposits

At year-end, the carrying amount of the Library's deposits was \$105,717 of which \$17,104 is invested in certificates of deposits. The bank balance was \$105,131 of which \$100,000 was covered by federal depository insurance and \$5,131 was uninsured and uncollateralized. The Library places its deposits with high quality financial institutions.

Investments

The Library has no investments.

	<b>Primary</b>
	<b><u>Government</u></b>
Cash	<b><u>\$105,717</u></b>

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended June 30, 2008

**NOTE 6 – CAPITAL ASSETS:**

Capital asset activity of the Library was as follows:

	<b><u>Balance July 1, 2007</u></b>	<b><u>Additions</u></b>	<b><u>Disposals and Adjustments</u></b>	<b><u>Balance June 30, 2008</u></b>
Capital assets being depreciated				
Buildings and improvements	\$764,264			\$764,264
Library books and videos	80,502	\$16,230	\$(24,995)	71,737
Furniture and fixtures	66,992			66,992
Office equipment	<u>25,358</u>	<u>4,714</u>		<u>30,072</u>
Total capital assets, being depreciated	<u>937,116</u>	<u>20,944</u>	<u>(24,995)</u>	<u>933,065</u>
Less accumulated depreciation for:				
Buildings and improvements	122,613	15,285		137,898
Library books and videos	55,732	11,275	(24,995)	42,012
Furniture and fixtures	43,634	5,157		48,791
Office equipment	<u>23,102</u>	<u>1,593</u>		<u>24,695</u>
Total accumulated depreciation	<u>245,081</u>	<u>33,309</u>	<u>(24,995)</u>	<u>253,396</u>
Total net capital assets	<u>\$692,035</u>	<u>\$(12,366)</u>	<u>\$0</u>	<u>\$679,669</u>

Depreciation for the fiscal year ended June 30, 2008 amounted to \$33,309. The Library determined that it was impractical to allocate depreciation to the various library activities as the assets serve multiple functions.

**NOTE 7 – LONG-TERM DEBT:**

**Outstanding Debt**

	<b><u>Interest Rate</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>
2004 Library Facility Bonds	3.5 %	<u>\$265,000</u>	<u>\$0</u>	<u>(\$50,000)</u>	<u>\$215,000</u>

**Debt Service Requirements**

The annual requirements to service all debt outstanding as of June 30, 2008 are as follows:

<b><u>Years Ending June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2009	\$ 50,000	\$ 7,526	\$ 57,526
2010	55,000	5,775	60,775
2011	55,000	3,850	58,850
2012	<u>55,000</u>	<u>1,925</u>	<u>56,925</u>
Total	<u>\$215,000</u>	<u>\$19,076</u>	<u>\$234,076</u>

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Notes To The Financial Statements  
For The Year Ended June 30, 2008

**NOTE 8 - RISK MANAGEMENT:**

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library carries commercial insurance to cover any losses that may result from the above-described activities. No settlements have incurred in excess of coverage in 2008 or any of the prior three years.

**NOTE 9 – PENSION PLAN:**

The Library has no pension plan.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Required Supplementary Information  
Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2008

	<b>BUDGET</b>			<b>VARIANCE- FAVORABLE (UNFAVORABLE)</b>
	<b><u>ORIGINAL</u></b>	<b><u>FINAL</u></b>	<b><u>ACTUAL</u></b>	
REVENUES:				
Local & State Grants	\$ 6,000	\$ 21,995	\$20,964	\$ (1,031)
Services	6,000	7,000	6,631	(369)
Fines	40,600	40,600	40,666	66
Property Taxes	47,725	47,725	52,419	4,694
Miscellaneous	4,175	4,175	7,267	3,092
TOTAL REVENUES	<u>104,500</u>	<u>121,495</u>	<u>127,947</u>	<u>6,452</u>
EXPENDITURES:				
Salaries and employee benefits	60,000	60,000	56,679	3,321
Library materials	14,545	17,645	17,358	287
Operational	26,505	26,505	27,648	(1,143)
Miscellaneous	1,750	15,645	15,848	(203)
Capital outlay	1,700	1,700	2,000	(300)
TOTAL EXPENDITURES	<u>104,500</u>	<u>121,495</u>	<u>119,533</u>	<u>1,962</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>8,414</u>	<u>8,414</u>
FUND BALANCE - JULY 1	<u>85,339</u>	<u>85,339</u>	<u>85,339</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 85,339</u>	<u>\$ 85,339</u>	<u>\$93,753</u>	<u>\$ 8,414</u>

See the accompanying notes.

## **ADDITIONAL INFORMATION**

**MAYVILLE DISTRICT PUBLIC LIBRARY**

## Schedule of Revenues - General Fund

Year Ended June 30, 2008

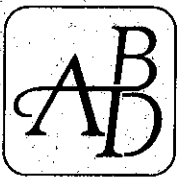
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Grants:			
State grants	\$ 4,000	\$ 3,507	\$ (493)
Local grants	17,995	17,457	(538)
Total Grants	21,995	20,964	(1,031)
Services	7,000	6,631	(369)
Fines:			
Library fines	2,400	2,729	329
Penal fines	38,200	37,937	(263)
Total Fines	40,600	40,666	66
Property Taxes	47,725	52,419	4,694
Miscellaneous:			
Book Sales	1,900	1,744	(156)
Interest	375	1,260	885
Friends of the Library	-	800	800
Contributions	1,900	3,463	1,563
Total Miscellaneous	4,175	7,267	3,092
TOTAL REVENUES	<u>\$ 121,495</u>	<u>\$ 127,947</u>	<u>\$ 6,452</u>

See the accompanying notes.

**MAYVILLE DISTRICT PUBLIC LIBRARY**  
Schedule of Expenditures - General Fund  
Year Ended June 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Salaries & Employee Benefits:			
Salaries	\$ 55,900	\$ 52,651	\$ 3,249
F.I.C.A.	4,100	4,028	72
Total Salaries & Employee Benefits	<u>60,000</u>	<u>56,679</u>	<u>3,321</u>
Library Materials:			
Books, magazines & videos	17,145	17,233	(88)
Printing	500	125	375
Total Library Materials	<u>17,645</u>	<u>17,358</u>	<u>287</u>
Operational:			
Communications	2,000	1,639	361
Computer expense	4,520	3,461	1,059
Seminars & transportation	900	338	562
Insurance and bonds	1,800	1,644	156
Utilities	8,500	7,604	896
Repairs & maintenance	1,600	5,578	(3,978)
Office supplies & postage	2,575	2,784	(209)
Professional fees	1,300	1,711	(411)
Summer reading program	700	702	(2)
Dues	2,610	2,187	423
Total Operational	<u>26,505</u>	<u>27,648</u>	<u>(1,143)</u>
Miscellaneous:			
Friends of the Library	-	1,149	(1,149)
Western grant expense	13,895	8,769	5,126
Other miscellaneous	1,750	5,930	(4,180)
Total Miscellaneous	<u>15,645</u>	<u>15,848</u>	<u>(203)</u>
Capital Outlay	<u>1,700</u>	<u>2,000</u>	<u>(300)</u>
TOTAL EXPENDITURES	<u>\$ 121,495</u>	<u>\$ 119,533</u>	<u>\$ 1,962</u>

See the accompanying notes.



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
Terry L. Haske, CPA  
Jamie L. Peasley, CPA  
Timothy Franzel

Robert L. Tuckey, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 27, 2008

Board of Education  
Mayville District Public Library

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mayville District Public Library as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements of the Library's primary government and have issued our report thereon dated August 27, 2008. Our opinion is for the primary government only and not for the primary reporting entity. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mayville District Public Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies that we considered to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement in the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control over financial reporting. We consider the deficiencies described as 2008-1 and 2008-2 in the accompanying schedule of findings and responses to be significant in internal control over financial reporting.

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Office locations in Caro,  
Cass City & Marlette

Members of the Board  
Mayville District Public Library  
August 27, 2008

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mayville District Public Library financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mayville District Public Library responses to the findings identified in our audit are described in the accompanying schedule of findings and response. We did not audit Mayville District Public Library's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the library board and management and is not intended to be and should not be used by anyone other than these specified parties.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

Schedule of Findings and Responses

**Finding 2008-1**

Criteria:

Effective for the year ended June 30, 2008, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

Condition:

After considering the qualifications of the accounting personnel of Mayville District Public Library, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Library, but they do not have the qualifications and abilities to generate financial statements, including required footnotes, in accordance with accounting principles generally accepted in the United States of America.

Cause:

The staff of the Library does understand all information included in the annual financial statements; however, we assist in preparing the financial statements and related footnotes.

Effect:

We assist management with the external financial reporting responsibility to ensure their financial statements are accurate.

Recommendation:

We do not recommend any changes to this situation at this time and communicate this as required by professional standards. We believe this meets the definition of a material weakness as defined in Statement on Auditing Standards #112.

Client Response:

We are aware of this deficiency and believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.

**Finding 2008-2**

Criteria:

Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client has a small staff that limits the segregation of duties.

Condition:

Due to the limited number of staff, many critical duties are combined and given to the available staff and/or board members.

Context:

Internal controls are weakened due to the lack of segregation of duties.

Effect:

Other staff members and/or board members must be utilized in order to achieve good internal controls.

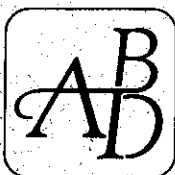
Cause:

The library doesn't have enough staff in the office to have a proper segregation of duties.

Recommendation:

At this time, we recommend the library segregate the duties whenever possible and communicate this as required by professional standards. The correct process meets the definition of a significant deficiency as defined in Statement on Auditing Standards #112.





# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

## Certified Public Accountants

---

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August 27, 2008

To the Members of the Board  
Mayville District Public Library

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mayville District Public Library for the year ended March 31, 2008, and have issued our report thereon dated August 27, 2008. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 25, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 25, 2008.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Mayville District Public Library are described in Note 2 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 27, 2008.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of Mayville District Public Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

Anderson, Tuckey, Bernhardt, & Doran, P.C.  
Certified Public Accountants